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ORIGIN EB-07

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TO AMEMBASSY BOGOTA PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, CO

SUBJECT: BILATERAL TEXTILE AGREEMENT

REFS: A) STATE 25960 B) STATE 54203 (STADIS)

C) BOGOTA 2435 (STADIS) D) BOGOTA 2838 E) BOGOTA 3543

1. IN ACCORDANCE WITH SECRETARY KISSINGER'S COMMITMENT TO PRESIDENT LOPEZ AND GOC CABINET MINISTERS DURING HIS VISIT TO BOGOTA, (REFS B AND C) CONCERNED USG AGENCIES HAVE REVIEWED GOC REQUEST CONCERNING BILATERAL TEXTILE AGREEMENT SUBMITTED TO USG LAST OCTOBER. RESULTS OF THIS REVIEW ARE REPORTED BELOW. EMBASSY IS REQUESTED TO RESPOND TO GOC ON BEHALF OF SECRETARY MAKING POINTS NOTED BELOW.

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2. USG REVIEW HAS CONFIRMED THAT THE GOC REQUESTED A

CHANGE IN THE BASE PERIOD USED TO CALCULATE RESTRAINT LEVELS FOR CERTAIN CATEGORIES COVERED BY THE AGREEMENT, AND REQUESTED PERMISSION TO EXCEED THE DESIGNATED CONSULTATION LEVEL FOR ONE OTHER CATEGORY. IN DENYING THE REQUEST FOR A CHANGE IN THE BASE PERIOD, (REF A) THE USG NOTED THAT IN ALL BILATERAL TEXTILE AGREEMENTS NEGOTIATED BY THE UNITED STATES, BASE LEVELS HAVE BEEN

ESTABLISHED USING PREVIOUS LEVELS OF TRADE AS REFERENCE POINTS. IN THE CASE OF THE AGREEMENT WITH COLOMBIA, BY MUTUAL AGREEMENT, BASE LEVELS WERE SET USING TRADE STATISTICS FOR THE YEAR ENDING JANUARY, 1975, EXCEPT FOR CATEGORIES 120 AND 121 WHEN THE YEAR ENDING MARCH 31 WAS USED. THE RECENT REQUEST BY THE GOC TO CHANGE THE BASE PERIOD TO THE YEAR ENDING JUNE 1975 WOULD RESULT IN THE ESTABLISHMENT OF AGREEMENT LEVELS BASED ON TRADE WHICH TOOK PLACE SUBSEQUENT REPEAT SUBSEQUENT TO THE NEGOTIATION OF THE AGREEMENT. THE USG HAS NEVER ACCEPTED SUCH A PROPOSAL AND COULD NOT IN THIS CASE IF FOR NO OTHER

REASON THAN OUR EQUITY OBLIGATIONS UNDER THE MFA.

3. IN DENYING THE REQUEST FOR A CHANGE IN BASE PERIOD, THE USG ALSO NOTED OTHER CIRCUMSTANCES WHICH WOULD MAKE SUCH A CHANGE PARTICULARLY INAPPROPRIATE IN THE CASE OF THE US-COLOMBIAN AGREEMENT. AT THE REQUEST OF THE GOC THE AGREEMENT NEGOTIATED IN MARCH 1975 DID NOT TAKE EFFECT UNTIL JULY 1975, IN ORDER TO ALLOW THE SHIPMENT OF BACKLOGS AND BACK-ORDERS, PARTICULARLY IN CATEGORIES 120 AND 121, THE CATEGORIES CITED BY THE GOC AS JUSTIFICATION FOR THE REQUEST FOR A CHANGE IN THE BASE PERIOD. BECAUSE OF THIS CONCESSION ON THE PART OF THE US, SHIPMENTS IN THE MARCH-JUNE 1975 PERIOD WERE PARTICULARLY HIGH. THIS HIGH LEVEL OF TRADE, THE RESULT OF A MAJOR CONCESSION BY THE US, CANNOT NOW BE USED TO JUSTIFY A NEW BASE PERIOD FOR THE AGREEMENT. IN ADDITION, THE REQUESTED CHANGE IN THE BASE PERIOD WOULD RESULT IN A LOWERING OF THE LEVELS FOR SEVERAL OTHER CATEGORIES IN THE LIMITED OFFICIAL USE

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AGREEMENT.

4. A FURTHER DEFICIENCY OF THE BASE REVISION APPROACH AS PRESENTED BY THE GOC IS THAT IT DOES NOT PROVIDE SPECIFIC SHIPMENT LEVELS DESIRED FOR ANY OF THE CATEGORIES MENTIONED. MOREOVER, AS NOTED EARLIER, USE OF THE REQUESTED BASE FORMULA WOULD INDICATE REDUCTION OF SOME CATEGORIES MENTIONED IN THE GOC REQUEST.

COLOMBIAN OBJECTIVES ARE FURTHER OBSCURED BY THE FACT THAT ACTUAL COLOMBIAN SHIPMENTS IN SOME CATEGORIES CITED IN THE OCTOBER 1975 REQUEST ARE AT AN ANNUAL RATE LOWER THAN AUTHORIZATION LEVELS. SEE TABLE BELOW.

CATEGORY	AGREEMENT LEVEL	US IMPORTS	PERCENT
	7/1/75 TO 12/31/75	LEVEL FILLED	

120 #	31,487	99,919	76.0
121 #	84,375	18,315	21.7
219 #	206,972	77,162	37.3
224 #	1,248,397	400,132	32.1
228(C)	48,176	16,176	33.6
229 #	141,818	46,252	32.6
230(C)	33,113	3,135	9.5
237(C)	155,555	69,527	44.7
283(C)	84,270	11,626	43.18

(C) CONSULTATION LEVEL
IMPORTS THROUGH 2/13/76

5. IN ADDITION TO ITS REQUEST FOR A CHANGE IN THE BASE FORMULA THE GOC ASKED FOR PERMISSION TO EXCEED THE DESIGNATED CONSULTATION LEVEL FOR CATEGORY 104 OF THE AGREEMENT. ALTHOUGH THIS CATEGORY IS SENSITIVE DOMESTICALLY, THE US GOVERNMENT GRANTED THIS REQUEST IN FULL.

6. THE US WILL OF COURSE, IMPLEMENT EXPEDITIOUSLY ANY REQUEST BY GOC TO UTILIZE THE FLEXIBILITY PROVIDED IN THE AGREEMENT (SWING, CARRY FORWARD, AND CARRYOVER) TO ALLOW SHIPMENTS ABOVE AGREEMENT LEVELS IN CERTAIN LIMITED OFFICIAL USE

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CATEGORIES. WE HAVE RECENTLY BEEN NOTIFIED BY THE EMBASSY OF COLOMBIA THAT THE GOC WISHES TO UTILIZE SWING AND CARRY FORWARD FOR CATEGORIES 9/10, 22/23 120 AND 121

AND WE ARE PREPARING TO MAKE THESE ADJUSTMENTS. WE WILL ALSO GIVE CAREFUL CONSIDERATION TO ANY REQUEST BY THE GOC FOR PERMISSION TO EXCEED DESIGNATED CONSULTATION LEVELS IN THE AGREEMENT. IN THAT REGARD, CONCERNED US GOVERNMENT AGENCIES HAVE REVIEWED THE REQUEST OF THE GOC (REF D) FOR PERMISSION TO EXCEED THE CONSULTATION LEVELS IN CATEGORIES 26 AND 228 OF THE AGREEMENT, AND HAVE AGREED TO GRANT THESE REQUESTS. (DETAILS ON SWING AND CARRY FORWARD AND ON CONSULTATION LIMITS BEING SENT SEPTTEL.) REQUESTS TO EXCEED SPECIFIC LIMITS PRESENT A MORE DIFFICULT PROBLEM, SINCE SPECIFIC

LIMITS ARE ESTABLISHED IN THE MOST SENSITIVE CATEGORIES
AND REQUIRE NEGOTIATION AND AMENDMENT OF THE
AGREEMENT TO BE CHANGED. ALTHOUGH CERTAIN OF THE
CATEGORIES COVERED BY THE OCTOBER 1975 GOC REQUEST
HAVE SPECIFIC LIMITS AND OTHERS CONSULTATION LEVELS,
ALL ARE APPAREL CATEGORIES WHICH RANGE FROM SENSITIVE

TO VERY SENSITIVE AND WOULD BE MOST DIFFICULT TO
ADJUST.

7. WE ARE NOW REVIEWING POINTS RAISED REF E, AND
WILL RESPOND BY SEPTTEL. KISSINGER

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